



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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Michael O. Leavitt
Governor

Lowell P. Braxton
Division Director

September 18, 1998

Tony Bates
Mine Reclamation Manager
Umetco Minerals Corporation
P.O. Box 1029
Grand Junction, Colorado 81502

Re: Division Approval of Four Acres of Proposed Borrow Site Disturbance, Umetco Minerals Corporation, Calliham Mine, M/037/023, San Juan County, Utah

Dear Mr. Bates:

The Division received your letter describing the proposed borrow sites near the Calliham Mine on August 12, 1998. The proposed borrow sites are located on private lands near the Calliham mine. The soils to be borrowed are for use in reclaiming waste rock dumps located in Utah and Colorado associated with the Deremo/Peterson Mine complex, Division file M/037/025. The Division has also received a copy of your August 4, 1998 letter to Ted McDougall of the Monticello BLM Office. The letter addresses proposed borrow sites on BLM lands for use in reclaiming portions of the Peterson Mine in Utah and the Deremo-Snyder Mine in Colorado. Communications with the Monticello BLM office indicated they would be meeting with Umetco staff to examine the borrow sites in the immediate future.

The current reclamation surety for the Calliham Mine posted with the Division is a surety bond for \$39,400 covering 20.2 acres of disturbance. The estimate of surface disturbance at the Calliham Mine site is 20.2 acres as of the annual report for 1997. The current reclamation surety for the Deremo/Peterson Mine posted with the Division is a Board Contract for \$33,332 covering seven acres of disturbance. The estimate of surface disturbance at the Utah portion of the Deremo/Peterson Mine is approximately six acres. The 1997 annual report for the Deremo/Peterson Mine described backfilling of four ventilation raises and reclamation of access roads to these raises. The approximate three acres of reclamation work remain to be seeded, and have not been released by the Division.

Given the current amount of disturbance at these two sites, the amount of area recently reclaimed, and the amount of disturbance bonded, Umetco could be considered as having a

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bonding surplus of approximately three acres of earthwork plus one acre of excess bonding area. For this reason, the Division will approve of Umetco's proposal to disturb up to four acres of the proposed nine (9) acres of borrow area near the Calliham Mine in the NW 1/4 Section 33, T32S, R26E, SLBM without adjusting the reclamation surety posted for the Calliham Mine. Disturbance of more than four acres in this area will require an adjustment to the reclamation surety and an approved amendment to the mining and reclamation plan. Division approval of a four acre borrow area does not relieve Umetco from complying with other pertinent state, county and federal regulations which would apply to this proposal.

The Division will include the disturbed acreage for the borrow area in the Calliham Mine permit. Umetco will be required to retain sufficient topsoil at the borrow area to allow for successful revegetation of the affected area. The reclamation requirements of the Minerals Rules will apply to the borrow area.

Borrow sites on BLM lands would not be regulated under the Division's Minerals Rules unless the borrow materials were used for reclamation of mine sites permitted with the Division. In this case, the borrow site disturbed area would be considered related to the mining operations. Please keep us informed of your source(s) of borrow material to be used in reclamation of the permitted mine areas in Utah.

Thank you for keeping us apprised of your reclamation activities. Please contact me at (801) 538-5267 if you have any questions regarding this letter.

Sincerely,

A handwritten signature in black ink, appearing to read "Anthony A. Gallegos", with a stylized flourish at the end.

Anthony A. Gallegos
Senior Reclamation Specialist

jb
cc: Ted McDougall, Monticello BLM
m37-23br.let